

STANDING COMMITTEE MEETING

**Tax Policy**

Wednesday, November 13, 2013

**Testimony on: HB 4810 (Pagel) Property tax; principal residence exemption; provision relating to allowing an individual moving into assisted living facility to retain principal residence exemption; provide for certain individuals.**

Christine Vanlandingham, Fund & Product Development Officer, Region IV Area Agency on Aging

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**HB 4810 Testimony:**

Following a rehabilitation stay at a nursing facility, Madge\* a 91-year-old life-long resident of Berrien County wanted to return to community living. However her two-story home has barriers that made returning to that dwelling impossible.

Madge placed her home on the market in hopes of selling it so she could purchase a smaller, more accessible home. Unfortunately by putting her home up for sale, she lost the principal residence tax exemption placing her under great financial hardship.

Per Enrolled SB 990, the General Property Tax Act allows a homeowner who is currently living in a nursing home or assisted living facility but intends to return to his or her home to retain the exemption if they meet four requirements one of which is that:

- D. THE PROPERTY IS NOT OCCUPIED EXCEPT BY THE OWNER'S SON, DAUGHTER, GRANDSON, OR GRANDDAUGHTER, **IS NOT FOR SALE**, IS NOT LEASED, AND IS NOT USED FOR ANY BUSINESS OR COMMERCIAL PURPOSE

The requirement that the property "is not for sale" disqualifies nursing home residents who intend to return to community living but need to move to a smaller or more handicapped accessible home from getting the exemption.

Further, some local tax collecting units are interpreting the requirement that the home is "not for sale" to mean "has not ever been for sale" and denying the exemption to nursing home residents whose property is not currently for sale. In many cases, fellow residents in the facility who have no intention of moving back to the community retain their PRE while people like Madge, who want to move back but need to purchase a more accessible home, lose it.

With long-term care costs at \$172 per day, the added tax cost is a burden Madge cannot afford. And Madge is not alone.

I'm Christine Vanlandingham with Region IV Area Agency on Aging [AAA] serving Berrien, Cass and Van Buren counties in southwest Michigan. To date, Region IV Area Agency on Aging has assisted 177 people with transitioning out of a nursing home. Hundreds more have inquired

about the service but face multiple barriers including having a principle residence that is no longer accessible. However in order to purchase an accessible home, they need to sell their home. Under current law, that disqualifies them for the PRE.

HB 4810 removes the phrase "is not for sale" from the section of existing law and allows Michigan residents like Madge to retain their PRE. On behalf of Madge seniors and younger persons with disabilities in southwest Michigan and across the state living in nursing facilities, I respectfully ask you to support HB 4810.

Thank you.

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\*Client stories are shared with their permission but names have been changed to protect their privacy.